

**UNITED STATES INTERNATIONAL TRADE COMMISSION**

**COMMERCIAL AVAILABILITY OF APPAREL INPUTS (2003):  
EFFECT OF PROVIDING PREFERENTIAL TREATMENT TO BLOUSES OF  
CERTAIN PLAIN-WOVEN COTTON FABRICS  
FROM CARIBBEAN BASIN COUNTRIES**

Investigation No. 332-450-010

January 2004



# Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries

## U.S. International Trade Commission Investigation No. 332-450-010

Products	Blouses of certain plain-woven cotton fabrics
Requesting Parties	School Apparel, Inc., Star City, AR
Date of Commission Report: USTR Public	January 29, 2004 January 2004
Commission Contact	Kimberlie Freund (202-708-5402; kfreund@usitc.gov)

### NOTICE

THIS REPORT IS A PUBLIC VERSION OF THE REPORT SUBMITTED TO USTR  
ON JANUARY 29, 2004. ALL CONFIDENTIAL INFORMATION HAS BEEN REMOVED AND  
REPLACED WITH ASTERISKS (\*\*\*)

### Summary of Findings

The Commission's analysis shows that granting duty-free and quota-free treatment to U.S. imports of women's and girls' blouses made in eligible Caribbean Basin countries from certain plain-woven cotton fabrics, regardless of the source of the fabrics, could have some adverse effect on at least two U.S. fabric producers that stated they make fabrics of a kind named in the petition. The proposed preferential treatment would likely have a negligible adverse effect on U.S. producers of the blouses and their employees, but would likely benefit U.S. firms that dye and finish the subject fabrics domestically and firms that make the blouses in eligible Caribbean Basin countries, and their U.S.-based workers, as well as U.S. consumers of blouses.

### Background

On January 28, 2003, following receipt of a request from the United States Trade Representative (USTR), the Commission instituted investigation No. 332-450, *Commercial Availability of Apparel Inputs (2003): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries*, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) to provide advice regarding the probable economic effect of granting preferential treatment for apparel made from fabrics or yarns that are the subject of petitions filed by interested parties in 2003 with the Committee for the Implementation of Textile Agreements (CITA) under the "commercial availability" provisions of the African Growth and Opportunity Act (AGOA), the United States-Caribbean Basin Trade Partnership Act (CBTPA), and the Andean Trade Promotion and Drug Eradication Act (ATPDEA).<sup>1</sup>

The Commission's advice in this report concerns a petition received by CITA on December 18, 2003, alleging that certain fabrics used in blouses cannot be supplied by the domestic industry in commercial quantities in a timely manner and requesting that the President proclaim preferential treatment for such

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<sup>1</sup> For more information on the investigation, see the Commission's notice of investigation published in the *Federal Register* of February 4, 2003 (68 F.R. 5651) and the Commission's website at [www.usitc.gov/332s/shortsup/shortsupintro.htm](http://www.usitc.gov/332s/shortsup/shortsupintro.htm)

apparel made in eligible CBTPA countries from such fabrics, regardless of the source of the fabrics. The President is required to submit a report to the House Committee on Ways and Means and the Senate Committee on Finance that sets forth the action proposed to be implemented, the reasons for such action, and the advice obtained from the Commission and the appropriate advisory committee within 60 days after a request is received from an interested party.<sup>2</sup>

### **Brief discussion of the product**

The fabrics named in the petition are classified in subheading 5210.11 of the Harmonized Tariff Schedule of the United States (HTS), which provides for unbleached plain-woven fabrics of cotton, containing less than 85 percent cotton by weight, mixed mainly or solely with manmade fibers, and weighing not more than 200 grams per square meter. The subject fabrics are chiefly cotton shirting fabrics (e.g., broadcloth), not of square construction, containing more than 70 warp ends and filling picks per square centimeter, and having an average yarn number exceeding 70 metric. The fabrics are in an unfinished or "grey" condition as imported and, thus, need to be dyed and otherwise finished before being made into apparel. The fabrics are used in women's and girls' blouses, classified in HTS chapter 62 (apparel, not knitted or crocheted) and subject to a 2004 general duty rate of 8.1 percent or 15.4 percent ad valorem, depending on the type of blouse.<sup>3</sup>

CITA has already determined that the bleached and dyed versions of the subject cotton grey fabrics cannot be supplied by the domestic industry in commercial quantities in a timely manner under the CBTPA.<sup>4</sup> On April 22, 2003, CITA designated women's and girls' blouses made in eligible CBTPA countries from these bleached or dyed fabrics, regardless of the source of such fabrics, as eligible for duty-free and quota-free treatment under the CBTPA commercial availability provisions.<sup>5</sup>

The petitioner (School Apparel) simultaneously filed two petitions under the CBTPA commercial availability provisions on fabrics of cotton and manmade-fiber blends used by the firm to make school uniform blouses in CBTPA countries: the petition under review in this report covers fabrics chiefly of cotton (e.g., 60 percent cotton/40 percent polyester); the second petition covers those chiefly of polyester and is the subject of a separate Commission review (Inv. No. 332-450-011). The petitioner makes the blouses to customer specifications, mainly in four different colors (white, yellow, blue, and pink) and special finishes such as stain resistance. \*\*\*<sup>6</sup> School Apparel stated that the use of imported grey fabrics (as opposed to imported finished fabrics) enables the firm to carry smaller fabric inventories and decide on color and finish closer to the time when the fabrics are needed to fulfill blouse purchase orders.<sup>7</sup>

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<sup>2</sup> In Executive Order No. 13191, the President delegated to CITA the authority to determine whether particular fabrics or yarns cannot be supplied by the domestic industry in commercial quantities in a timely manner. The President authorized CITA and USTR to submit the required report to the Congress.

<sup>3</sup> The blouses are dutiable under HTS subheadings 6206.30.30 and 6211.42.00 at 15.4 percent and 8.1 percent ad valorem, respectively.

<sup>4</sup> The bleached and dyed plain-woven cotton fabrics are classified in HTS subheadings 5210.21 and 5210.31, respectively.

<sup>5</sup> See CITA notice published in the *Federal Register* of April 28, 2003 (68 F.R. 22363), p. 22363.

<sup>6</sup> \*\*\*

<sup>7</sup> Information on School Apparel is from David Watts of the firm, telephone interviews by Commission staff, Jan. 7 and 13, 2004.

<sup>8</sup> \*\*\*

<sup>9</sup> \*\*\*

## **Brief discussion of affected U.S. industries, workers, and consumers**

U.S. industry sources stated that U.S. mills believed to have the capacity to make the subject fabrics are Alice Manufacturing Co. (Easley, SC); Dan River, Inc. (Danville, VA); Hamrick Mills (Gaffney, SC); Wade Manufacturing Co. (Wadesboro, NC); and Ramtex, Inc. (Ramseur, NC).<sup>10</sup> Dan River said it makes fabrics similar to the subject fabrics (e.g., white broadcloth), but does not oppose the petition.<sup>11</sup> Ramtex and Wade Manufacturing said they oppose the petition because, as discussed below, they currently make fabrics that are covered by the petition (the petition covers plain-woven cotton-manmade fiber blended fabrics that have an average yarn number exceeding 70 metric, which is equivalent to about 42 singles yarn or higher, based on the English cotton count used by the U.S. textile industry).<sup>12</sup>

Wade Manufacturing said it currently makes plain-woven fabrics of \*\*\* singles yarn, which is equivalent to a metric yarn number of about \*\*\*.<sup>13</sup> Wade said it would not oppose the petition if the fabrics named in the petition were limited to those having an average yarn number of "40 singles to 45 singles yarn."<sup>14</sup> Wade said it can make such fabrics, but does not do so because it cannot meet the price points of any prospective customer.

Ramtex stated that it makes cotton-polyester blended broadcloth fabrics (chiefly of cotton) of \*\*\* singles yarns, which are equivalent to metric yarn numbers of \*\*\*.<sup>15</sup> \*\*\* Ramtex stated that it has invested more than \$\*\*\* million to make its facility one of the most modern textile spinning and weaving mills in the United States and that it employs about \*\*\* people.

## **Views of interested parties**

No written submissions were filed with the Commission.

## **Probable economic effect advice<sup>16</sup>**

The Commission's analysis shows that granting duty-free and quota-free treatment to U.S. imports of women's and girls' blouses made in eligible CBTPA countries from the subject fabrics, regardless of the source of the fabrics, could have some adverse effect on U.S. producers of fabrics of a kind named in the petition. Wade Manufacturing and Ramtex each said it currently produces plain-woven cotton fabrics of a kind named in the petition.

The proposed preferential treatment would likely benefit U.S. firms that dye and finish the subject grey fabrics domestically to the extent that the firms making blouses in eligible CBTPA countries substitute the imported grey fabrics for the third-country finished fabrics.

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<sup>10</sup> Commission staff contacted by telephone Alice Manufacturing (Jan. 13 and 14, 2004) and Hamrick Mills (Jan. 13, 2004). \*\*\*

<sup>11</sup> Jim Martin, President, Apparel Fabrics Division, Dan River, Inc., telephone interview by Commission staff, Jan. 13, 2004.

<sup>12</sup> The HTS classifies the fabrics by ranges of metric yarn numbers. English yarn numbers can be converted to metric yarn numbers by multiplying them by 1.6933 (e.g., a 42 singles yarn is equivalent to a metric yarn number of 71).

<sup>13</sup> Bernard Hodges, Wade Manufacturing, Inc., telephone interview by Commission staff, Jan. 8, 2004.

<sup>14</sup> The plain-woven cotton fabrics used by the petitioner in its blouses typically are of \*\*\* singles yarn, or a metric yarn number of about \*\*\*. David Watts, School Apparel, Inc., telephone interview by Commission staff, Jan. 13, 2004.

<sup>15</sup> Information on Ramtex was obtained by Commission staff from Thomas E. Seiler, president of the firm, telephone interviews and e-mail correspondence, Jan. 14 and 15, 2004.

<sup>16</sup> The Commission's advice is based on information currently available to the Commission.

The proposed preferential treatment would likely have a negligible adverse effect on U.S. producers of the blouses and their employees, but would likely benefit U.S. firms that make the blouses in eligible CBTPA countries and their U.S.-based workers. The U.S. market for blouses, including school uniform blouses made from the subject fabrics, is supplied largely by imports from Asia. U.S. consumers of blouses would likely benefit from the proposed preferential treatment, because importers would likely pass on some of the duty savings, given the highly competitive market for uniform blouses.